

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4601-01
Bill No.: HB 1355
Subject: Licenses - Professional; Insurance - Medical
Type: Original
Date: March 16, 2012

Bill Summary: Requires health carriers to reimburse services provided by physical therapists in the same manner as reimbursement paid to other physical therapists rendering the same services regardless of setting or venue.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown greater than \$30,560)	(Unknown greater than \$61,120)	(Unknown greater than \$61,120)
Total Estimated Net Effect on General Revenue Fund	(Unknown greater than \$30,560)	(Unknown greater than \$61,120)	(Unknown greater than \$61,120)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Other State Funds	(Unknown greater than \$7,220)	(Unknown greater than \$14,440)	(Unknown greater than \$14,440)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown greater than \$7,220)	(Unknown greater than \$14,440)	(Unknown greater than \$14,440)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Federal	(Unknown greater than \$12,220)	(Unknown greater than \$24,440)	(Unknown greater than \$24,440)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown greater than \$12,220)	(Unknown greater than \$24,440)	(Unknown greater than \$24,440)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Transportation** and **Missouri Department of Conservation** assume the proposal would have no fiscal impact on their agencies.

Officials from the **DPS - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** assume the department can handle the provisions of this proposal with existing appropriations. However, should the number of complaints received be larger than anticipated, the DIFP may have to request additional FTE and expenses through the budget process.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume this legislation requires health carriers to reimburse a physical therapist for rendering the same services regardless of the setting or venue. MCHCP assumes this proposal can be interpreted to either (1) require health carriers to provide the same reimbursement to all licensed network physical therapists and the same reimbursement to all out-of-network physical therapists or (2) require health carriers to provide the same reimbursement to all licensed physical therapists regardless of whether the physical therapist is in network or out-of-network. Under both interpretations, MCHCP assumes a decrease in the level of discounts provided by network vendors due to their inability to negotiate contracts with varying reimbursement rates. Based on these assumptions the fiscal impact of this proposal is unknown but greater than \$100,000.

Officials from the **Department of Social Services (DSS)** state this proposal requires that reimbursement of services or procedures rendered by a physical therapist be uniform to reimbursement of same or similar procedures rendered by a physical therapist.

It is unknown to what extent the proposed requirements would increase capitation rates without further analysis. The actuarial cost to evaluate this program change to the capitation rates is estimated to be no more than \$25,000.

The first year cost is for an actuarial study to determine the impact of this requirement on rates to ensure actuarial soundness as required by the Centers for Medicare and Medicaid Services. The cost of the analysis will depend on the complexity of the analysis needed to address this program change. The cost of the study could be up to \$25,000. It is assumed that capitation rates would increase in year 2 and forward, however the impact is unknown at this time.

ASSUMPTION (continued)

FY13: Total cost is unknown < \$25,000 (GR unknown < \$25,000)

FY14: Total cost is unknown

FY15: Total cost is unknown

Oversight assumes the provisions of this proposal would be effective January 1, 2013 when the new plan year becomes effective for state employees.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (6 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>Costs - MCHCP</u>			
Increase in state health plan expenditures	(Unknown greater than \$31,125)	(Unknown greater than \$62,250)	(Unknown greater than \$62,250)
<u>Costs - DSS</u>			
Increase in program expenditures	<u>\$0 or (Unknown less than \$25,000)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown greater than \$31,125)</u>	<u>(Unknown greater than \$62,250)</u>	<u>(Unknown greater than \$62,250)</u>
OTHER STATE FUNDS			
<u>Costs - MCHCP</u>			
Increase in state health plan expenditures	<u>(Unknown greater than \$6,715)</u>	<u>(Unknown greater than \$13,430)</u>	<u>(Unknown greater than \$13,430)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Unknown greater than \$6,715)</u>	<u>(Unknown greater than \$13,430)</u>	<u>(Unknown greater than \$13,430)</u>

FEDERAL FUNDS	FY 2013 (6 Mo.)	FY 2014	FY 2015
<u>Income - DSS</u>			
Increase in program reimbursements	\$0 or Unknown up to \$25,000	\$0 or Unknown	\$0 or Unknown
<u>Costs - DSS</u>			
Increase in program expenditures	<u>\$0 or (Unknown up to \$25,000)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<u>Costs - MCHCP</u>			
Increase in state health plan expenditures	<u>(Unknown greater than \$12,160)</u>	<u>(Unknown greater than \$24,320)</u>	<u>(Unknown greater than \$24,320)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(Unknown greater than \$12,160)</u>	<u>(Unknown greater than \$24,320)</u>	<u>(Unknown greater than \$24,320)</u>
<u>FISCAL IMPACT - Local Government</u>			
	<u>FY 2013 (6 Mo.)</u>	<u>FY 2014</u>	<u>FY 2015</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

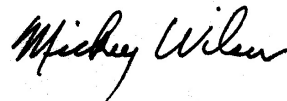
This proposal requires health carriers to reimburse a physical therapist in the same amounts as paid to a licensed physical therapist for rendering the same services regardless of the setting or venue.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

VL:LR:OD

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Department of Transportation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 16, 2012